

Message Text

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TAGS: PFOR, ENRG, IR

SUBJECT: DRAFT TEXTS FOR JOINT COMMISSION MEETINGS

THE FOLLOWING ARE CLEM MALIN'S THOUGHTS ON WHAT YOU MIGHT
USE FOR EACH SUBJECT AREA. THEY HAVE BEEN REVIEWED BY
NO ONE ELSE HERE IN STATE AND ARE FOR YOUR INFORMATION ONLY.

1. LNG PARAGRAPH FROM IRANIAN ECONOMIC COMMISSION
COMMUNIQUE DRAFT (EMBARGO PENDING PRESS CONFERENCE
SCHEDULED FOR AUGUST 4, 1976)

BEGIN TEXT: IRANIAN OFFICIALS REVIEWING RECENT NATURAL GAS
DEVELOPMENTS IN IRAN, NOTED THAT PROVED RESERVES MAY NOW
EXCEED THOSE OF ANY OTHER COUNTRY AND THAT THE GOVERNMENT
OF IRAN HAS WELL ADVANCED PLANS FOR UTILIZING THIS RESOURCE
FOR THE BENEFIT NOT ONLY OF ITS OWN PEOPLE, BUT OTHERS AS
WELL. TWO MULTI-MILLION DOLLAR JOINT VENTURES INVOLVING THE
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NATIONAL IRANIAN GAS CORPORATION AND U.S. PRIVATE COMPANIES

ARE UNDER CONSIDERATION. THE UNITED STATES DELEGATION REPORTED PRESIDENT FORD'S RECENT DECISION ESTABLISHING THE U.S. POLICIES ON LIQUEFIED NATURAL GAS IMPORTS.

THESE POLICIES WILL FACILITATE EXECUTIVE BRANCH CONSIDERATION

OF PROJECTS, SUCH AS THOSE PLANNED FOR IRAN, WHICH COULD RESULT IN THE PRODUCTION AND DELIVERY OF LIQUEFIED NATURAL GAS TO THE U.S. ON ECONOMICALLY ATTRACTIVE TERMS. END TEXT.

2.FEA DRAFT-SECRETARY KISSINGER'S TALKING POINTS ON SPR

BEGIN TEXT

--THE STRATEGIC PETROLEUM RESERVE (SPR) MANDATED BY THE ENERGY POLICY AND CONSERVATION ACT OF 1975 (EPCA) PROVIDES FOR THE STORAGE OF UP TO ONE BILLION BARRELS OF OIL BY 1983.

-- FEA IS PRESENTLY ENGAGED IN AN EVALUATION OF THE VARIOUS OPTIONS AVAILABLE TO THE GOVERNMENT WITH RESPECT TO PROCUREMENT OF OIL FOR THE SPR. THE FINDINGS AND A RECOMMENDATION MUST BE SUBMITTED TO CONGRESS BY YEAR-END.

-- ONE OF THE OPTIONS UNDER CONSIDERATION IS GOVERNMENT-TO-GOVERNMENT ARRANGEMENTS, WHICH WOULD REPRESENT A SIGNIFICANT DEPARTURE FROM THE TRADITIONAL PROCUREMENT PROCEDURE OF OPEN TENDERS FOLLOWED BY THE U.S. GOVERNMENT. AMONG THE FACTORS TO BE CONSIDERED IN A DECISION TO ENGAGE IN GOVERNMENT-TO-GOVERNMENT PURCHASES ARE THE ECONOMIES OF POSSIBLE ARRANGEMENTS, INDUSTRY INTERESTS AND CONGRESSIONAL REACTION.

-- REPRESENTATIVES OF THE GOI AND THE USG (FEA) ARE ENGAGED IN PRELIMINARY DISCUSSIONS WHICH MAY RESULT IN A PROPOSAL FOR A GOVERNMENT-TO-GOVERNMENT TRANSACTION. END TEXT

3. DRAFT - SECRETARY KISSINGER'S TALKING POINTS ON POTENTIAL INVESTMENTS BY IRAN IN U.S. OIL COMPANIES LIMITED OFFICIAL USE

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BEGIN TEXT

-- THE GOI AND OCCIDENTAL PETROLEUM CORPORATION ARE CONSIDERING AN ARRANGEMENT WHICH WOULD INVOLVE A GOI EQUITY VOTING INTEREST AND BOARD REPRESENTATION IN OCCIDENTAL. IN ADDITION, THERE ARE OTHER ARRANGEMENTS BEING DISCUSSED BY GOI AND U.S. DEFENSE AND OIL INTERESTS

THAT COULD RESULT IN GOI EQUITY PARTICIPATION IN U.S.
OIL COMPANIES (NEPCO AND ASHLAND).

-- FOREIGN INVESTMENTS IN U.S. CORPORATIONS ARE WELCOMED,
REFLECTING OUR COMMITMENT TO FREE TRADE AND THE FREE
FLOW OF CAPITAL. AT THE SAME TIME, TO INSURE THAT
PROPOSED INVESTMENTS DO NOT CONFLICT WITH OTHER POLICY

OBJECTIVES, THE PRESIDENT CREATED IN THE SPRING OF 1975
THE COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED
STATES (CFIUS), WITH THE RESPONSIBILITY OF REVIEWING
PROPOSED FOREIGN INVESTMENT IN THE UNITED STATES.
THE INITIAL STEP IN THIS PROCESS IS THE ADVANCED CONSUL-
TATION BY POTENTIAL FOREIGN GOVERNMENT INVESTORS WITH
U.S. COMPANIES. WE RECOGNIZE IRAN HAS BEEN MOST
FORTHCOMING IN THIS REGARD.

-- FOREIGN INVESTMENTS IN THE U.S. ENERGY SECTOR, BECAUSE
OF THE CONTINUING DEBATE OVER OUR NATIONAL ENERGY POLICY
AND THE ROLE OF U.S. OIL COMPANIES, ARE PARTICULARLY
SENSITIVE. FACTORS SUCH AS SUPPLY SECURITY, POTENTIAL
CONFLICT WITH DOMESTIC DEVELOPMENT OF OIL AND GAS, AND
EXTENT OF INFLUENCE ON CORPORATE MANAGEMENT DECISIONS
AND HOW THESE MIGHT AFFECT U.S. ENERGY POLICY OBJECTIVES
GENERALLY, ARE TAKEN INTO CONSIDERATION.

-- OUR TRADITIONAL POLICY OF WELCOMING FOREIGN INVESTMENT
IN THE U.S. WILL CONTINUE. INDIVIDUAL PROJECTS, HOWEVER,
WILL BE REVIEWED ON A CASE-BY-CASE BASIS FOR THEIR
CONSISTENCY WITH OTHER POLICY OBJECTIVES, AND IN
ACCORDANCE WITH THE PROCEDURES ESTABLISHED BY THE
PRESIDENT IN 1975. END TEXT

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THE TALKING POINTS ON POTENTIAL INVESTMENTS BY IRAN IN
U.S. OIL COMPANIES HAVE RECEIVED TREASURY AS WELL AS
FEA CLEARANCES. KISSINGER

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